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RONALD J. DUNLAVEY

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THE STATE OF THE U.S. ECONOMY

ANNCR: VOA NEWS ANALYST RONALD J. DUNLAVEY DISCUSSES THE LATEST REPORTS ON THE STATE OF THE AMERICAN ECONOMY:

VOICE: EASTER SUNDAY IN WASHINGTON, THIS BI-CENTENNIAL YEAR, WAS MARKED BY UNUSUALLY WARM WEATHER AND AN UNUSUALLY LARGE INFUSION OF TOURISTS TO THE NATION'S CAPITAL CITY. AND THE DEPARTMENT OF COMMERCE DID ITS BIT, THE DAY AFTER EASTER, TO ADD TO THE SPRINGTIME AND FESTIVE ATMOSPHERE BY RELEASING THE LATEST REPORT ON THE STATE OF THE ECONOMY IN THE UNITED STATES. THAT REPORT---COVERING THE PERIOD FROM JANUARY THROUGH MARCH--- SHOWED AN INCREASE, FOR THE FOURTH CONSECUTIVE QUARTER, IN THE NATION'S GROSS NATIONAL PRODUCT. THE COMMERCE DEPARTMENT SAYS THAT REAL OUTPUT DURING THE FIRST QUARTER OF 1976 ADVANCED AT AN ANNUAL RATE OF SEVEN POINT FIVE PERCENT. THAT COMPARES WITH A RATE OF FIVE PERCENT DURING THE FOURTH QUARTER OF LAST YEAR.

EVERYTHING IS RELATIVE, OF COURSE, AND AS SECRETARY OF COMMERCE ELLIOT RICHARDSON HIMSELF POINTS OUT, THE GROSS NATIONAL PRODUCT -- AFTER ADJUSTMENT FOR INFLATION ---WOULD HAVE TO GROW BY MORE THAN EIGHT PERCENT A YEAR TO REACH THE PEAK IT HAD ATTAINED BEFORE LAST YEAR'S RECESSION, SOMETHING HE EXPECTS WILL HAPPEN LATER THIS YEAR. NEVERTHELESS, THE LATEST FIGURES WOULD APPEAR TO SIGNAL A DECISIVE UPTURN IN THE ECONOMY---AN UPTURN WHICH, IT IS HOPED, WILL HAVE A MARKED EFFECT ON THE UNEMPLOYMENT RATE. AT THE BEGINNING OF THE YEAR IT HAD BEEN PROJECTED THAT THE UNEMPLOYMENT RATE WOULD RUN AT SEVEN POINT SEVEN PERCENT, BUT EVEN BEFORE MONDAY'S FIGURES WERE RELEASED THE RATE HAD DROPPED TO SEVEN POINT FIVE PERCENT. NOW IT IS EXPECTED TO DIP STILL FURTHER.

FURTHERMORE, THERE ARE OTHER SIGNS OF ECONOMIC GROWTH, INCLUDING INCREASED STOCK MARKET ACTIVITY AND THE CONTINUING REPLACEMENT OF INVENTORIES DEPLETED BY SALES---ANOTHER SIGN THAT WORKERS ARE BUSY. THERE'S BEEN A RISE IN PERSONAL INCOME, AN INCREASE IN AUTO SALES, AND WHAT SOME FINANCIAL ANALYSTS ARE DESCRIBING AS "A FAVORABLE MONEY AND INTEREST-RATE CLIMATE." SIGNIFICANTLY, TOO, SURVEYS OF PROFESSIONAL ECONOMISTS REFLECT A CONVICTION THAT THE RECOVERY FROM RECESSION IS NOT A MERE FLASH IN THE PAN, AND THAT NINETEEN SEVENTY-SIX WILL CONTINUE TO BE A YEAR OF GROWTH.

UNQUESTIONABLY, THERE ARE FLAWS IN THE PICTURE. EVEN IF THE UNEMPLOYMENT RATE WERE TO DROP TO SEVEN PERCENT---ADMITTEDLY A HEARTENING IMPROVEMENT---IT WOULD STILL BE WELL ABOVE THE LEVEL ATTAINED DURING OTHER PERIODS OF RECOVERY FROM RECESSION DURING THE PAST FORTY YEARS. AND THERE'S THE CONTINUED RISE IN COMMODITY PRICES, THE PERSISTENT PROBLEM OF INFLATION, WHICH POLLS SHOW TO BE PROBABLY THE NUMBER ONE ISSUE IN THE COMING PRESIDENTIAL ELECTION. NEVERTHELESS, THE FIGURES RELEASED MONDAY BY THE DEPARTMENT OF COMMERCE ARE GOOD NEWS FOR THE AVERAGE AMERICAN AND A REASON FOR CAUTIOUS OPTIMISM IN SURVEYING THE ECONOMIC PROSPECTS AHEAD DURING THIS BICENTENNIAL YEAR.